EK HEALTH
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Compliance and Regulations Newsletter

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CALIFORNIA

CWCI: Payments for Medical Services Have Declined 14.3% Under RBRVS Fee Schedule

According to a report from the California Workers' Compensation Institute, the Resource-Based Relative Value Scale (RBRVS) medical fee schedule which took effect in 2014 has shifted dollars toward primary care doctors and away from specialists as intended.

The number of medical services provided to injured workers decreased by 17.7% in the first two years since the implementation of the Resource-Based Relative Value Scale fee schedule while payments decreased by 14.3%. According to the CWCI report, the number of radiology services declined 11.4%, while medicine services were down 49.5%. These medicine services included primarily ancillary services such as cardiovascular, nerve and muscle testing, and psychiatric testing and psychotherapy.

Overall, payments for medicine services fell by 44.9%. CWCI reported an 8.3% increase in payments for evaluation and management services and a 12.7% increase in payments for physical medicine services. Average payments for multiple categories increased. Payment for evaluation and management increased 25.3%; surgery increased 16.5%; medicine services increased 9.2%; and the average payment for physical medicine increased 28.1%. Average payments decreased for anesthesiology, radiology, and pathology. Anesthesia was down 29%, radiology 34.7%, and 21.6% for pathology.

Potential Impact

Implementation of the Resource-Based Relative Value Scale (RBRVS) medical fee schedule has achieved its intent of shifting payments away from specialists toward primary care doctors who may focus more on the overall care of the injured worker.

Source

Final Medical Treatment Utilization Schedule (MTUS) Regulations Include New Opioid Treatment Guidelines

The Division of Workers' Compensation's (DWC) final version of the Medical Treatment Utilization Schedule (MTUS) regulations has been approved. This version updates the Chronic Pain Medical Treatment Guidelines and adopts Opioids Treatment Guidelines to appropriately treat injured workers and increase safety in using such medications to manage pain.

The guidelines address the appropriate use of opioids to treat acute, sub-acute and post-operative pain, and chronic non-cancer pain. They should be reviewed when treatment requests are made and before medical necessity is determined.

The updated MTUS regulations will apply to any treatment requests made on or after July 29, 2016. The changes to the MTUS Chronic Pain Medical Treatment Guidelines can be found in section 9792.24.2, the Opioids Treatment Guidelines in section 9792.24.4, and the definition of chronic pain are found in section 9792.23(b)(1) of the California Code of Regulations.

DWC Acting Administrative Director George Parisotto said, "DWC will move forward shortly to initiate the process to update all of the current MTUS chapters. This process will include new chapters for chronic pain and opioids. Regardless, the new Chronic Pain Medical Treatment Guidelines and Opioids Treatment Guidelines should be consulted and relied upon when making treatment requests and determining the medical necessity of such requests."

Potential Impact

Having guidelines to address any type of treatment is beneficial and allows for consistency in treating injured workers.

Source 1
Source 2

ILLINOIS

Opt-Out the Answer for Illinois

In a recent report by the Illinois Policy Institute, the current Illinois workers' compensation system continues to be expensive, and favors trial attorneys and doctors over injured workers and employers. The report suggests legislators could change rules to only cover employees in the workplace exempting telecommuters and traveling employees.

The American Insurance Association, the Property Casualty Insurers Association of America and the National Association Mutual Insurance Companies all say that opt out is not the answer for Illinois, but legislative reforms to the workers' compensation system could be the solution.

Stephen Schneider, American Insurance Association's Midwest region vice president believes Illinois could start lowering its system costs by cracking down on repackaging, or physician dispensing of drugs, and adopting a Medicare-based medical fee schedule with a multiplier of 150%-175. He states Illinois physicians are allowed to dispense drugs in less common dosages and charge up to 10 times more for these drugs.
Gov. Bruce Rauner's attempts to get his turnaround plan approved have not been successful. The plan states it would bring costs in line with other states, decrease frivolous lawsuits, and phase in a minimum wage increase to $10.00 an hour.

Rauner's turnaround plan says Illinois has the seventh highest workers' compensation costs in the country, ninth highest unemployment insurance taxes in the country, ranks 46 out of 50 for worst lawsuit climates in the country , is last in job growth among neighboring states, and more than 94,000 residents moved out of state in 2014.

Rauner wants to raise the Illinois workers' compensation causation standard from "any cause" to "major contributing cause" requiring work accidents to be more than 50% attributable to injuries. There seems to be no common ground for legislative reforms at this time.

Potential Impact

Without major work comp changes in a number of years, Illinois continues its attempts to improve its work comp system. It will; however; take time for a consensus for the most favorable resolution.

Source 1
Source 2

VIRGINIA

Vendor to Develop and Implement Medical Fee Schedule

The Virginia Workers' Compensation Commission selected Oliver Wyman Actuarial Consulting a Melville, New York-based firm as the vendor to develop and implement a medical fee schedule. House Bill 378 passed with a vote of 99-0 on February 16th, and the Senate's version, SB 631 passed with a vote of 39-0 on February 25th. Governor Terry McAuliffe signed the legislation mandating the creation of a medical fee schedule on March 7th.

Sen. Frank Wagner sponsored SB 631 which also allows hospitals to be paid above fee schedule rates for outlier claims exceeding 150% of the maximum fee. The bill also excludes traumatic injuries and serious burns from the fee schedule, and mandates these services to be paid at 80% of the provider's charges, or 100% if the employer unsuccessfully contests the compensability of a claim.

By January 1, 2018, Oliver Wyman must develop seven different fee schedules for six different geographic communities including the Northern region, Northwest region, Central region, Eastern region, Near Southwest region, and Far Southwest region. The seven fee schedules are for surgeons, non-surgeons, Type One teaching hospitals, other hospitals, ambulatory surgical centers, outpatient centers, and providers of miscellaneous services. Fee schedules will be based on what doctors and hospitals received on average for each procedure or treatment in 2015.

According to the Workers' Compensation Research Institute, Virginia is one of seven states without a medical fee schedule. Since Virginia has no fee schedule, medical costs tend to be much higher than most states. WCRI says Virginia's costs were higher for evaluation and management, physical medicine, major radiology, major surgery, pain management, and emergency care which were nearly double the median costs evaluated in the other states. Without a medical fee schedule, a provider's bill was evidence of a prevailing rate. The insurer had to rely on statistical data and other evidence to prove a fee was unreasonable. Most disputes were filed by physicians stating insurers did not reimburse them at their billed rates.

Potential Impact

With a fee schedule, the work comp community will have some certainty to properly set reserves to appropriately impact claims. The number of disputes should also decrease with the implementation of the fee schedule.

Source 1
Source 2